

# MAINE STATE LEGISLATURE

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## PART 6

## DISCHARGE

Sec.

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**§ 3-601. Discharge of parties**

(1) The extent of the discharge of any party from liability on an instrument is governed by the sections on

- (a) Payment or satisfaction (section 3-603); or
- (b) Tender of payment (section 3-604); or
- (c) Cancellation or renunciation (section 3-605); or
- (d) Impairment of right of recourse or of collateral (section 3-606); or
- (e) Reacquisition of the instrument by a prior party (section 3-208); or
- (f) Fraudulent and material alteration (section 3-407); or
- (g) Certification of a check (section 3-411); or
- (h) Acceptance varying a draft (section 3-412); or
- (i) Unexcused delay in presentment or notice of dishonor or protest (section 3-502).

(2) Any party is also discharged from his liability on an instrument to another party by any other act or agreement with such party which would discharge his simple contract for the payment of money.

(3) The liability of all parties is discharged when any party who has himself no right of action or recourse on the instrument

- (a) Reacquires the instrument in his own right; or
- (b) Is discharged under any provision of this Article, except as otherwise provided with respect to discharge for impairment of recourse or of collateral (section 3-606).

1963, c. 362, § 1.

**§ 3-602.      Effect of discharge against holder in due course**

No discharge of any party provided by this Article is effective against a subsequent holder in due course unless he has notice thereof when he takes the instrument.

1963, c. 362, § 1.

**§ 3-603.      Payment or satisfaction**

(1) The liability of any party is discharged to the extent of his payment or satisfaction to the holder, even though it is made with knowledge of a claim of another person to the instrument, unless prior to such payment or satisfaction the person making the claim either supplies indemnity deemed adequate by the party seeking the discharge or enjoins payment or satisfaction by order of a court of competent jurisdiction in an action in which the adverse claimant and the holder are parties. This subsection does not, however, result in the discharge of the liability

(a) Of a party who in bad faith pays or satisfies a holder who acquired the instrument by theft or who (unless having the rights of a holder in due course) holds through one who so acquired it; or

(b) Of a party (other than an intermediary bank or a payor bank which is not a depository bank) who pays or satisfies the holder of an instrument which has been restrictively indorsed in a manner not consistent with the terms of such restrictive indorsement.

(2) Payment or satisfaction may be made with the consent of the holder by any person including a stranger to the instrument. Surrender of the instrument to such a person gives him the rights of a transferee (section 3-201).

1963, c. 362, § 1.

**§ 3-604.      Tender of payment**

(1) Any party making tender of full payment to a holder when or after it is due is discharged to the extent of all subsequent liability for interest, costs and attorney's fees.

(2) The holder's refusal of such tender wholly discharges any party who has a right of recourse against the party making the tender.

(3) Where the maker or acceptor of an instrument payable otherwise than on demand is able and ready to pay at every place

of payment specified in the instrument when it is due, it is equivalent to tender.

1963, c. 362, § 1.

### § 3-605. Cancellation and renunciation

(1) The holder of an instrument may even without consideration discharge any party

(a) In any manner apparent on the face of the instrument or the indorsement, as by intentionally cancelling the instrument or the party's signature by destruction or mutilation or by striking out the party's signature; or

(b) By renouncing his rights by a writing signed and delivered or by surrender of the instrument to the party to be discharged.

(2) Neither cancellation nor renunciation without surrender of the instrument affects the title thereto.

1963, c. 362, § 1.

### § 3-606. Impairment of recourse or of collateral

(1) The holder discharges any party to the instrument to the extent that without such party's consent the holder,

(a) Without express reservation of rights, releases or agrees not to sue any person against whom the party has to the knowledge of the holder a right of recourse or agrees to suspend the right to enforce against such person the instrument or collateral or otherwise discharges such person, except that failure or delay in effecting any required presentment, protest or notice of dishonor with respect to any such person does not discharge any party as to whom presentment, protest or notice of dishonor is effective or unnecessary;

(b) Unjustifiably impairs any collateral for the instrument given by or on behalf of the party or any person against whom he has a right of recourse.

(2) By express reservation of rights against a party with a right of recourse the holder preserves

(a) All his rights against such party as of the time when the instrument was originally due; and

(b) The right of the party to pay the instrument as of that time; and

(c) All rights of such party to recourse against others.

1963, c. 362, § 1.